# Startup costs & operating expenses

FINANCIAL MODELING

LECTURE SUMMARY

## Covered in this lecture:

### The two types of expenses

- There are two types of costs: startup costs & operating expenses
- **Startup costs are the money you spend on getting up and running**
- Startup costs can be split into two things: things you need in order to get started and things you need to handle the early parts of your growth
- **Operating expenses are the money you spend on keeping your business running on a daily basis**
- You have to add contingency to all of these costs, by thinking of the worst case scenarios or just making it a percentage of the costs
- Make sure to include labor related issues in the contingency plan

*See you next lecture!*